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COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 5, 1998

APPLICATION OF

STONE MOUNTAIN ENERGY, LC

CASE NO. PUE980725

To furnish gas service to
Greer & Sons, Inc. pursuant
to § 56-265.4:5 of the Code
of Virginia

ORDER DOCKETING PROCEEDING
AND PROVIDING NOTICE

On October 16, 1998, Stone Mountain Energy, LC ("SME" or "the Company") notified the State Corporation Commission ("Commission"), pursuant to § 56-265.4:5 of the Code of Virginia, of its plans to furnish gas service to Greer & Sons, Inc. ("Greer") in Lee County, Virginia. According to its notification documents, SME is a Virginia limited liability corporation engaged in the exploration, gathering, and production of natural gas. Greer, a Kentucky corporation qualified to transact business in Virginia, owns and operates two asphalt production facilities at Gibson Station in Lee County, Virginia.

SME advises in its notification that it plans to produce and supply natural gas to Greer solely for heating Greer's facilities at the sites indicated in Exhibit A, for producing asphalt, and for providing all other fuel requirements currently

provided by fuel oil. SME has agreed to supply Greer with volumes of natural gas equal to Greer's total requirements, but not more than 300 decatherms daily.

SME represents that Greer has agreed to pay it a price of \$4.25 per MMBtu, consistent with the price paid by customers of a size similar to Greer for gas service.

The location of SME's and Greer's facilities are shown on a map labeled Exhibit A attached hereto. In order to provide service to Greer, SME plans to construct two sales meters and approximately 1,000 feet of buried two-inch pipe. It represents that the gathering system, including the sales meters, is or will be covered by SME's gathering pipeline permit(s) to be issued by the Virginia Department of Mines, Minerals and Energy.

A legal description of the facilities to be installed to serve Greer follows:

Bee Branch Facility:

Beginning at a point on the Stone Mountain Energy gathering line just south of the Bee Branch Asphalt Facility, a 2" welded steel pipeline will be laid approximately 500' to the facility.

Gibson Station Facility:

Beginning just southeast of the Gibson Station Asphalt Facility, a 2" welded steel pipeline will be laid approximately 500' to the facility.

SME has certified that, to the best of its knowledge, there is no public utility certificated to provide gas service in the area depicted in Exhibit A, and that the proposed transaction

constitutes an exempt sale of natural gas under § 56-265.1(b)(4), which provides for the furnishing of gas service to commercial and industrial customers in an area not certificated for public utility gas services. The notification further advises that gas service is expected to commence on November 15, 1998 or immediately upon a determination by the Commission that the facilities are located in a territory for which no certificate of public convenience and necessity has been granted to supply natural gas service, whichever is earlier.

On October 22, 1998, the Staff of the State Corporation Commission filed a memorandum advising that Greer's facilities are not located within a territory for which a certificate of public convenience and necessity has been granted and that, as of the time of receipt of SME's notification, Greer's facilities were not located within any area, territory, or jurisdiction served by a municipal corporation that provided gas distribution service as of January 1, 1992.

NOW THE COMMISSION, upon consideration of the captioned notification, the applicable statutes, and having been advised by its Staff, is of the opinion and finds that this matter should be docketed, that Greer's facilities are not located within a territory for which a certificate has been granted, or, as of the time of the Commission's receipt of the notice provided for by § 56-265.4:5 of the Code of Virginia, are not

located within any area, territory, or jurisdiction served by a municipal corporation that provided gas distribution as of January 1, 1992; that a copy of the captioned notification should be made available for public inspection in the Commission's Document Control Center during regular business hours; that, consistent with § 56-265.4:5 of the Code of Virginia, this Order should serve as notification to all public utilities providing gas service in the Commonwealth; and that within sixty (60) days of the entry of this Order, any public utility so notified may file an application to provide natural gas service to the area identified in Exhibit A hereto. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) This matter shall be docketed and assigned Case No. PUE980725.

(2) A copy of this captioned notification shall be made available for public inspection in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, during the hours of 8:15 a.m. to 5:00 p.m., Monday through Friday.

(3) A copy of this Order shall be served upon all public utilities providing natural gas service in this Commonwealth.

(4) Within sixty days of the entry of this Order, any gas public utility served with this Order may file an application with the State Corporation Commission to provide natural gas service within the area identified in Exhibit A hereto.

(5) This matter shall be continued until further Order of the Commission.